

TOWN OF BOYCE, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MAY 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-7-05

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October 3, 2005

INDEPENDENT AUDITORS' REPORT

The Honorable Julius Patrick, Jr., Mayor
and Members of the Board of Aldermen
Town of Boyce, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Boyce, as of and for the year ended May 31, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Boyce's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Boyce, as of May 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Town has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of May 31, 2005.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are

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*The Honorable Julius Patrick, Jr., Mayor
and Members of the Board of Aldermen
Town of Boyce*

supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 3, 2005, on our consideration of the Town of Boyce, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Boyce's basic financial statements. The general fund schedule of expenses – budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. The general fund schedule of expense – budget and actual has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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October 3, 2005

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

The Honorable Julius Patrick, Jr., Mayor
And the Board of Alderman
Town of Boyce, Louisiana

We have audited the financial statements of the Town of Boyce, Louisiana, as of and for the year ended May 31, 2005, and have issued our report thereon dated October 3, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Boyce, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that is material to the financial statements and is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Boyce, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over

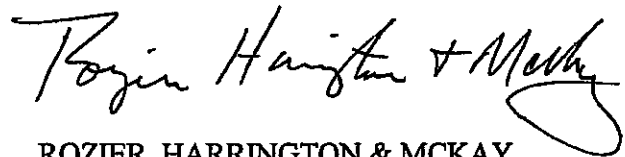
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*The Honorable Julius Patrick, Jr., Mayor
and Members of the Board of Aldermen
Town of Boyce*

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Aldermen, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS May 31, 2005

This section of the Town of Boyce's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended May 31, 2005. Because the Town is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will provide additional explanations of the Town's financial position and results of operations.

Overview of Financial Statements

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after June 1, 2004) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants, and contributions.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with the lights, gas, water, and sewer systems and sanitation services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2005

modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's light, gas, water, and sewer systems and sanitation services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

Financial Analysis of the Town as a Whole

A comparative analysis of government-wide data is presented as follows:

Net Assets

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Assets:</u>			
Current and other assets	\$ 99,579	\$ 421,690	\$ 521,269
Capital assets	640,219	1,790,210	2,430,429
Total assets	<u>739,798</u>	<u>2,211,900</u>	<u>2,951,698</u>
<u>Liabilities:</u>			
Current and other liabilities	83,838	261,674	345,512
Long-term liabilities	22,842	555,346	578,188
Total liabilities	<u>106,680</u>	<u>817,020</u>	<u>923,700</u>
<u>Net Assets:</u>			
Invested in Capital Assets (Net)	573,319	1,178,061	1,751,380
Restricted	20,758	124,952	145,710
Unrestricted	39,041	91,867	130,908
Total Net Assets	<u>\$ 633,118</u>	<u>\$ 1,394,880</u>	<u>\$ 2,027,998</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net assets (86.4%) is invested in capital assets. Net assets invested in capital assets consist of land, buildings, and equipment less any debt used to acquire the assets that remain outstanding. In addition, net assets invested in capital assets also include any infrastructure acquired after June 1, 2004. The Town uses

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources. The remaining unrestricted net assets (6.5%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Assets

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Revenues:</u>			
Program Revenue:			
Charges for Services	\$ 6,147	\$ 1,268,747	\$ 1,274,894
Operating Grants and Contributions	4,421	----	4,421
Capital Grants and Contributions	56,635	----	56,635
General Revenue:			
Property Taxes	22,800	----	22,800
Sales Taxes	274,828	----	274,828
Franchise Taxes	3,842	----	3,842
Occupational Licenses	56,709	----	56,709
Miscellaneous	25,081	3,912	28,993
Total Revenue	<u>450,463</u>	<u>1,272,659</u>	<u>1,723,122</u>
<u>Program Expenses:</u>			
General Government	173,648	----	173,648
Public Safety	205,465	----	205,465
Streets and Drainage	139,379	----	139,379
Recreation	7,712	----	7,712
Lights	----	663,818	663,818
Natural Gas System	----	282,524	282,524
Water	----	173,719	173,719
Sewer	----	140,470	140,470
Sanitation	----	53,671	53,671
Total Expenses	<u>526,204</u>	<u>1,314,202</u>	<u>1,840,406</u>

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2005

	Govern- mental Activities	Business- Type Activities	Total
(Decrease) in Net Assets			
Before Transfers	(75,741)	(41,543)	(117,284)
Transfers	55,459	(55,459)	----
Change in Net Assets	(20,282)	(97,002)	(117,284)
Net Assets Beginning	653,400	1,491,882	2,145,282
Net Assets Ending	<u>\$ 633,118</u>	<u>\$ 1,394,880</u>	<u>\$ 2,027,998</u>

Governmental activities decreased the Town's net assets by \$20,282. The decrease is attributable to the Town not having to transfer significant resources from the business-type activities to current expenses. The decrease in the transfers is due to the Town making the final payment on debt which allowed additional current resources to be used for current obligations.

Business-type activities decreased the Town's net assets by \$97,002, however, expenses considered in arriving at these decreases include depreciation of \$138,351.

Financial Analysis of the Town's Funds

For the year ended May 31, 2005, activity in governmental funds included the general fund and the start of construction on a new fire station. The fire station project is accounted for in a capital projects fund. The only differences between amounts reported by the general fund and governmental activities reported in the government-wide financial statements are attributable to including fixed assets and long-term debt in the government-wide presentation.

Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

General Fund Budget Highlights

The general fund is the only fund required by law to adopt a budget. The budget was amended as necessary. A summary of the general fund budget compared to actual amounts is presented as follows:

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Total Revenues	\$ 430,800	\$ 475,100	\$ 474,847	\$ (253)
Total Expenditures	490,890	576,400	553,161	23,239
Excess (deficiency) of revenues over expenditures	(60,090)	(101,300)	(78,314)	(22,986)
Operating Transfers In (net)	50,000	115,000	52,171	(62,829)
Net Change in Fund Balances	\$ (10,090)	\$ 13,700	\$ (26,143)	\$ (39,843)

The Town experienced a significant increase in revenues between the original and final budget. This increase is due to the Town collecting significantly more ad valorem and sales taxes than were anticipated when the original budget was adopted.

The significant increase in expenditures is due to the Town budgeting additional funds for the purchase of capital expenditures. During the year the Town purchased capital assets as described below. Therefore the budget was amended to accurately reflect what was perceived would be the total costs of all capital expenditures for the current year.

Capital Asset Administration

Capital asset activity for the year ended May 31, 2005, is summarized as follows:

	Govern- mental Activities	Business- Type Activities	Total
<u>Additions:</u>			
Equipment	\$ 77,635	\$ ----	\$ 77,635
Construction on Fire Station	30,621	----	30,621
Improvements	26,399	----	26,399
Total Additions	134,655	----	134,655
Depreciation	(110,394)	(138,351)	(248,745)
Net Increase (Decrease)	24,261	(138,351)	(114,090)
Beginning Capital Asset (Net)	615,958	1,928,561	2,544,519
Ending Capital Assets (Net)	\$ 640,219	\$ 1,790,210	\$ 2,430,429

Highlights of the Town's capital asset administration are provided as follows:

- Equipment purchases for the governmental activities were primarily the purchase of a new backhoe for the Town's general use. The Town also did a major equipment upgrade to the fire truck. This upgrade was help bring the fire truck into compliance with current

TOWN OF BOYCE

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2005

regulations and will better serve the citizens. Also, two new police vehicles were purchased. These vehicles were necessary to update the Town's aging vehicles.

- Improvements were to help drainage problems at St. Patrick and Shanon Streets.
- The Town received a Community Development Block Grant for the construction of a new fire station to better serve the citizens. Construction on the fire station began this year and is expected to be completed in fiscal year 2006.

Debt Administration

During the year ended May 31, 2005, the Town incurred a new capital lease in the amount of \$41,855. The lease was used to acquire a new backhoe for the Town. In addition to the new debt in the governmental activities, the Town made the final payment on certificates of indebtedness that were used to improve fire protection facilities and equipment.

Furthermore, the business-type activities did not incur any new debt during the current year. Existing debt in the business-type activities is as follows:

- Lights Fund – includes a capital lease used to purchase a new bucket truck and certificates of indebtedness issued for the purpose of making improvements to the electrical distribution system. After paying principle of \$10,532, the capital lease payable at year end totaled \$55,473. Principle payments applied to the certificates of indebtedness totaled \$40,000 and the certificates payable at year end totaled \$175,000.
- Water Fund – includes revenue bonds that were issued in connection with improving the water system of the Town. At year end revenue bonds payable totaled \$381,675. Principle payments totaled \$5,709, which is 1.5% of the outstanding balance.

Factors Expected to Effect Future Operations

Events and conditions that are expected to have a significant influence on future operations are highlighted as follows:

- The Town will complete the construction of the new fire station.

TOWN OF BOYCE

Statement of Net Assets

May 31, 2005

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 53,959	\$ 178,424	\$ 232,383
Receivables (net)	45,620	118,314	163,934
Restricted Cash	-	124,952	124,952
Capital Assets			
Non depreciable capital assets	200,628	12,337	212,965
Depreciable capital assets (net)	439,591	1,777,873	2,217,464
Total assets	739,798	2,211,900	2,951,698
<u>LIABILITIES:</u>			
Accounts payable	47,916	57,007	104,923
Deposits due others	-	106,291	106,291
Long-term liabilities			
Due within one year	35,922	98,376	134,298
Due in more than one year	22,842	555,346	578,188
Total liabilities	106,680	817,020	923,700
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	573,319	1,178,061	1,751,380
Restricted:			
Capital projects	20,758	-	20,758
Debt service	-	124,952	124,952
Unrestricted	39,041	91,867	130,908
Total net assets	\$ 633,118	\$ 1,394,880	\$ 2,027,998

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Statement of Activities Year Ended May 31, 2005

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General government	\$ 173,648	\$ -	\$ 4,421	\$ -	\$ (169,227)	\$ -	\$ (169,227)
Public safety	205,465	6,147	-	29,055	(170,263)	-	(170,263)
Streets & drainage	139,379	-	-	27,580	(111,799)	-	(111,799)
Recreation	7,712	-	-	-	(7,712)	-	(7,712)
Total governmental activities	526,204	6,147	4,421	56,635	(459,001)	-	(459,001)
Business-Type Activities:							
Lights	663,818	703,384	-	-	-	39,566	39,566
Natural gas system	282,524	328,985	-	-	-	46,461	46,461
Water	173,719	88,091	-	-	-	(85,628)	(85,628)
Sewer	140,470	74,646	-	-	-	(65,824)	(65,824)
Sanitation	53,671	73,641	-	-	-	19,970	19,970
Total Business-Type Activities	1,314,202	1,268,747	-	-	-	(45,455)	(45,455)
Total Primary Government	\$ 1,840,406	\$ 1,274,894	\$ 4,421	\$ 56,635	(459,001)	(45,455)	(504,456)
General Revenues:							
Taxes:							
Ad Valorem					22,800	-	22,800
Sales Taxes					274,828	-	274,828
Franchise					3,842	-	3,842
Occupational Licenses					56,709	-	56,709
Miscellaneous					25,081	3,912	28,993
Transfers					55,459	(55,459)	-
Total General Revenues and Transfers					438,719	(51,547)	387,172
Change in Net Assets					(20,282)	(97,002)	(117,284)
Net Assets Beginning					653,400	1,491,882	2,145,282
Net Assets Ending					\$ 633,118	\$ 1,394,880	\$ 2,027,998

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Balance Sheet

Governmental Funds - May 31, 2005

	General	Capital Projects	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 53,958	\$ 1	\$ 53,959
Receivables (net)	45,620	-	45,620
Total assets	\$ 99,578	\$ 1	\$ 99,579
<u>Liabilities and Fund Equity</u>			
<u>Liabilities:</u>			
Accounts and other payables	\$ 38,053	\$ 9,863	\$ 47,916
Total liabilities	38,053	9,863	47,916
<u>Fund Balance:</u>			
Unreserved - Reported in			
General fund	61,525	-	61,525
Capital projects fund	-	(9,862)	(9,862)
Total fund equity	61,525	(9,862)	51,663
Total liabilities and fund equity	\$ 99,578	\$ 1	\$ 99,579

Reconciliation of the Governmental Funds Balance Sheets to the Statement of Net Assets

Total Fund Balances - Governmental Funds	\$ 51,663
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	640,219
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	(58,764)
Net Assets of Governmental Activities	\$ 633,118

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended May 31, 2005

	General	Capital Projects	Total Governmental Funds
<u>Revenues:</u>			
Taxes:			
Ad valorem	\$ 22,800	\$ -	\$ 22,800
Sales tax	274,828	-	274,828
Franchise	3,842	-	3,842
Licenses and permits:			
Occupational licenses	56,709	-	56,709
Intergovernmental:			
Federal grants	-	17,471	17,471
State grants	4,421	-	4,421
Local funds	39,164	-	39,164
Beer Tax	1,864	-	1,864
Fines	6,147	-	6,147
Miscellaneous:			
Interest	826	-	826
Land lease	12,360	-	12,360
Other	10,031	-	10,031
Total revenues	432,992	17,471	450,463
<u>Expenditures:</u>			
General government	149,533	-	149,533
Public safety	175,521	-	175,521
Streets & Drainage	77,269	-	77,269
Recreation	4,376	-	4,376
Capital Expenditures	104,034	30,621	134,655
Debt service	42,428	-	42,428
Total expenditures	553,161	30,621	583,782
Excess (deficiency) of revenues over expenditures	(120,169)	(13,150)	(133,319)
<u>Other financing sources (uses):</u>			
Proceeds from debt	41,855	-	41,855
Operating transfers in	123,631	3,288	126,919
Operating transfers out	(71,460)	-	(71,460)
Total other financing sources (uses)	94,026	3,288	97,314
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(26,143)	(9,862)	(36,005)
Fund balance - beginning of year	87,668	-	87,668
Fund balance - end of year	\$ 61,525	\$ (9,862)	\$ 51,663

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended May 31, 2005

Net change in fund balances of Governmental Funds \$ (36,005)

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current
period.

24,261

Some expenses reported in the statement of activities do not require the use
of current financial resources and therefore are not reported as
expenditures by governmental funds.

(8,538)

Change in net assets of governmental activities

\$ (20,282)

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Statement of Net Assets

Proprietary Funds - Year Ended May 31, 2005

	Business-Type Activities - Enterprise Fund					
	Lights	Gas	Water	Sewer	Sanitation	Total
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 63,931	\$ 114,381	\$ 48	\$ 64	\$ -	\$ 178,424
Receivables (net)	73,182	18,727	9,760	8,944	7,701	118,314
Interfund Receivable	-	-	-	-	-	-
Total current assets	137,113	133,108	9,808	9,008	7,701	296,738
Restricted assets:						
Cash and cash equivalents	21,886	-	37,974	65,092	-	124,952
Noncurrent assets:						
Land	-	3,127	9,210	-	-	12,337
Depreciable capital assets (net)	369,169	81,646	710,734	616,324	-	1,777,873
Total noncurrent assets	369,169	84,773	719,944	616,324	-	1,790,210
Total assets	528,168	217,881	767,226	690,424	7,701	2,211,900
LIABILITIES:						
Current liabilities:						
Accounts payable	41,699	5,811	3,297	2,187	4,013	57,007
Compensated absences payable	9,522	13,032	8,812	10,207	-	41,573
Deposits due others	64,042	42,249	-	-	-	106,291
Total current liabilities	115,263	61,092	12,109	12,394	4,013	204,871
Liabilities payable from restricted assets:						
Current portion of long-term debt	50,795	-	6,008	-	-	56,803
Noncurrent Liabilities:						
Long-Term Debt	179,679	-	375,667	-	-	555,346
Total liabilities	345,737	61,092	393,784	12,394	4,013	817,020
NET ASSETS:						
Invested in capital assets, net of related debt	138,695	84,773	338,269	616,324	-	1,178,061
Restricted for debt service	21,886	-	37,974	65,092	-	124,952
Unrestricted	21,850	72,016	(2,301)	(3,386)	3,688	91,867
Total net assets	182,431	156,789	373,942	678,030	3,688	1,394,880

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Statement of Revenues, Expenditures, and Changes in Fund Net Assets ***Proprietary Funds - Year Ended May 31, 2005***

	Business-Type Activities - Enterprise Funds					
	Lights	Gas	Water	Sewer	Sanitation	Total
<u>Operating revenues:</u>						
Charges for services	\$ 685,536	\$ 322,587	\$ 83,573	\$ 72,049	\$ 71,792	\$ 1,235,537
Delinquent charges	16,894	6,398	3,307	1,654	1,849	30,102
Other operating income	954	-	1,211	943	-	3,108
Total operating revenues	703,384	328,985	88,091	74,646	73,641	1,268,747
<u>Operating expenses:</u>						
Salaries - operating	26,464	49,407	30,642	41,909	5,948	154,370
Salaries - clerical	15,815	15,815	15,815	15,815	-	63,260
Electricity purchased	518,246	148	11,770	3,987	-	534,151
Natural gas purchased	-	159,588	-	-	-	159,588
Landfill Expense	-	-	-	-	13,450	13,450
Collection Expense	-	-	-	-	32,400	32,400
Repairs and maintenance	8,793	6,875	7,087	8,560	-	31,315
Legal and professional	6,098	6,680	2,950	2,850	-	18,578
Payroll taxes	3,005	4,636	3,302	4,103	455	15,501
Insurance	17,865	18,848	19,439	19,439	-	75,591
Depreciation	41,916	9,336	53,071	34,028	-	138,351
Other	12,489	11,191	9,922	9,779	1,418	44,799
Total operating expenses	650,691	282,524	153,998	140,470	53,671	1,281,354
Operating income (loss)	52,693	46,461	(65,907)	(65,824)	19,970	(12,607)
<u>Non-operating revenues (expenses):</u>						
Interest income	1,230	1,483	488	711	-	3,912
Interest expense	(13,127)	-	(19,721)	-	-	(32,848)
Change in net assets before contributions and transfers	40,796	47,944	(85,140)	(65,113)	19,970	(41,543)
<u>Contributions and transfers:</u>						
Operating transfers in	43,457	46,157	49,576	30,057	49,425	218,672
Operating transfers out	(86,010)	(105,282)	(4,116)	(13,016)	(65,707)	(274,131)
Change in net assets	(1,757)	(11,181)	(39,680)	(48,072)	3,688	(97,002)
Total net assets - beginning of year	184,188	167,970	413,622	726,102	-	1,491,882
Total net assets - end of year	\$ 182,431	\$ 156,789	\$ 373,942	\$ 678,030	\$ 3,688	\$ 1,394,880

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

Statement of Cash Flows

Proprietary Funds - Year Ended May 31, 2005

	Business-Type Activities - Enterprise Funds					
	Lights	Gas	Water	Sewer	Sanitation	Total
<u>Cash flow from operating activities:</u>						
Cash received from customers	\$ 701,751	\$ 326,942	\$ 90,830	\$ 75,882	\$ 65,940	\$ 1,261,345
Cash payments to suppliers of goods and services	(562,711)	(209,354)	(52,231)	(47,174)	(43,710)	(915,180)
Cash payments to employees for service	(43,559)	(62,992)	(46,520)	(56,389)	(5,948)	(215,408)
Net cash provided (used) by operating activities	95,481	54,596	(7,921)	(27,681)	16,282	130,757
<u>Cash flows from non-capital financing activities:</u>						
Operating transfers in (out)	(42,553)	(59,125)	45,460	17,041	(16,282)	(55,459)
Net cash provided (used) by non-capital financing activities	(42,553)	(59,125)	45,460	17,041	(16,282)	(55,459)
<u>Cash flows from capital and related financing activities:</u>						
Principle paid on capital debt	(50,531)	-	(5,709)	-	-	(56,240)
Interest paid on capital debt	(13,127)	-	(19,721)	-	-	(32,848)
Net cash provided (used) by capital and related financing activities	(63,658)	-	(25,430)	-	-	(89,088)
<u>Cash flows from investing activities:</u>						
Interest and other income	1,230	1,483	488	711	-	3,912
Net cash provided (used) by investing activities	1,230	1,483	488	711	-	3,912
Net increase (decrease) in cash	(9,500)	(3,046)	12,597	(9,929)	-	(9,878)
Beginning cash balance	95,317	117,427	25,425	75,085	-	313,254
Ending cash balance	85,817	114,381	38,022	65,156	-	303,376
Cash - restricted	21,886	-	37,974	65,092	-	124,952
Cash - unrestricted	\$ 63,931	\$ 114,381	\$ 48	\$ 64	\$ -	\$ 178,424
<u>Reconciliation of operating income (loss) to net cash</u>						
Operating Income (loss)	\$ 52,693	\$ 46,461	\$ (65,907)	\$ (65,824)	\$ 19,970	\$ (12,607)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	41,916	9,336	53,071	34,028	-	138,351
(Increase) decrease in accounts receivable	(7,522)	(4,606)	2,739	1,236	(7,701)	(15,854)
(Decrease) increase in accounts payable	3,785	(1,388)	2,239	1,544	4,013	10,193
(Decrease) increase in meter deposits	5,889	2,563	-	-	-	8,452
(Decrease) increase in compensated absences	(1,280)	2,230	(63)	1,335	-	2,222
Net cash provided (used) by operating activities	\$ 95,481	\$ 54,596	\$ (7,921)	\$ (27,681)	\$ 16,282	\$ 130,757

For the year ended May 31, 2005, there were no investing, capital, and financing activities that did not result in cash receipts or payments.

The accompanying notes are an integral part of the financial statements.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Town of Boyce (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety (police and fire protection), streets and drainage, public improvements, utility (gas, water, electricity, sewerage, and sanitation), and general administrative services.

The accounting and reporting practices of the Town of Boyce, Louisiana, conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods.

The following is a summary of the more significant accounting policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes the Town of Boyce, Louisiana, is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Boyce, Louisiana, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

Based upon the above criteria, the Town of Boyce has no component units for the year ended May 31, 2005.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

- Governmental Funds
 - General Fund - The general fund is the primary operating fund and is used to account for all governmental activities.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

Capital Projects Fund – The capital projects fund was used to account for funds received from a Louisiana Community Development Block Grant for the purpose of building a new fire station for the Town.

- Proprietary Funds – Are used to account for business-type activities. The operations of the Town's Electrical, Gas, Water, and Sewer Systems and Sanitation services each utilize separate proprietary funds. Revenue earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year-end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets excluding capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from franchise taxes, fines, and court cost is not recognized until it is collected.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Budget Practices

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

Capital Assets

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost related to the Town's utility system were estimated based on information furnished by the Town's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989, were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before June 1, 2004, are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments.

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred in the Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the government-wide financial statements.

Statement of Cash Flows

For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank, and certificates of deposit.

Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

New Financial Reporting Model

As required by GASB Statement 34, for the year ended May 31, 2005, the Town has implemented a new financial reporting model. The new financial reporting model has resulted in numerous changes to accounting methods and financial statement presentation. Due to the nature and volume of the changes, the financial statements for the year ended May 31, 2005, cannot be readily compared to reports issued for previous years.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash balances at May 31, 2005, are presented as follows:

	Book Balance	Bank Balance
Cash and cash equivalents	\$ 232,383	\$ 271,535
Restricted cash and cash equivalents	124,952	124,952
Total Cash	\$ 357,335	\$ 396,487

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

The bank balance was secured by FDIC insurance totaling \$157,248 and pledged investments held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) with a market value at June 30, 2005 of \$780,157. Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the pledging bank has failed to pay deposited funds upon demand.

NOTE 3 – TAXES

Ad Valorem Taxes

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. For the year ended May 31, 2005, taxes of 5.90 mills totaling \$22,800 were levied on property and were dedicated to general corporate purposes.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

Sales Taxes

Sales taxes are collected by the Parish of Rapides and remitted to the Town on a monthly basis. A 1% sales tax has been approved by the citizens to cover the any needs by the Town.

NOTE 4 - RECEIVABLES

At May 31, 2005, there were no material amounts of uncollectible receivables. Details related to receivables are presented as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Accounts Receivable</u>			
Charges for Services	\$ ----	\$ 121,717	\$ 121,717
Other	4,123	----	4,123
Total Accounts Receivable	4,123	121,717	125,840
<u>Due From Other Governmental Units</u>			
Sales Taxes	41,497	----	41,497
Total Due From Other Governments	41,497	----	41,497

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS **May 31, 2005**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Total Receivables	45,620	121,717	167,337
Allowance for Doubtful Accounts	---	(3,403)	(3,403)
Net Receivables	\$ 45,620	\$ 118,314	\$ 163,934

NOTE 5 – CAPITAL ASSETS

Changes in governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 170,007	\$ ---	\$ ---	\$ 170,007
Construction in Process	---	30,621	---	30,621
Total	170,007	30,621	---	200,628
Depreciable Capital Assets				
Buildings and Improvements	645,175	---	---	645,175
Furniture, Fixtures and Equipment	477,320	77,635	---	554,955
Infrastructure	1,300,797	26,399	---	1,327,196
Accumulated Depreciation	(1,977,341)	(110,394)	---	(2,087,735)
Total	445,951	(6,360)	---	439,591
Total Governmental Activities	\$ 615,958	\$ 24,261	\$ ---	\$ 640,219
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 12,337	\$ ---	\$ ---	\$ 12,337
Depreciable Capital Assets				
Utility System	3,221,997	---	---	3,221,997
Utility Buildings	22,357	---	---	22,357
Utility Equipment	344,730	---	---	344,730
Accumulated Depreciation	(1,672,860)	(138,351)	---	(1,811,211)
Total	1,916,224	(138,351)	---	1,777,873
Total Business-Type Activities	\$ 1,928,561	\$ (138,351)	\$ ---	\$ 1,790,210

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Government	\$ 24,080	\$ ----	\$ 24,080
Public Safety	24,212	----	24,212
Street & Drainage	58,766	----	58,766
Recreation	3,336	----	3,336
Lights	----	41,916	41,916
Gas	----	9,336	9,336
Water	----	53,071	53,071
Sewer	----	34,028	34,028
Total Depreciation Expense	<u>\$ 110,394</u>	<u>\$ 138,351</u>	<u>\$ 248,745</u>

NOTE 6 - LONG-TERM DEBT

The Town's long-term debt is summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenue bonds payable	\$ ----	\$ 381,675	\$ 381,675
Certificates of indebtedness	----	175,000	175,000
Capital lease	36,279	55,473	91,752
Compensated absences	22,485	41,574	64,059
Total long-term debt	58,764	653,722	712,486
Due within one year	(35,922)	(98,376)	(134,298)
Due in more than one year	<u>\$ 22,842</u>	<u>\$ 555,346</u>	<u>\$ 578,188</u>

The following changes occurred in liabilities reported in the Governmental Activities during the year ended May 31, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Certificates of indebtedness	\$ 35,000	\$ ----	\$ 35,000	\$ ----
Capital lease	----	41,855	5,576	36,279
Compensated absences	15,226	7,259	----	22,485
Total Governmental Activities	<u>50,226</u>	<u>49,114</u>	<u>40,576</u>	<u>58,764</u>

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

<u>Business-type Activities</u>				
Utility revenue bonds	387,384	----	5,709	381,675
Certificates of indebtedness	215,000	----	40,000	175,000
Capital lease	66,005	----	10,532	55,473
Compensated absences	39,352	2,222	-----	41,574
<hr/>				
Total business-type activities	707,741	2,222	56,241	653,722
<hr/>				
Total long-term debts	\$ 757,967	\$ 51,336	\$ 96,817	\$ 712,486

Certificates of Indebtedness:

The Town has issued certificates which are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary, and usual charges incurred by the Town. Certificates of indebtedness outstanding at May 31, 2005, are described as follows:

\$375,000 Certificates of Indebtedness, Series 1998 dated December 2, 1998, bearing interest at a rate of 5.00%. Principal is payable in annual installments ranging from \$30,000 to \$50,000, with the final installment due November 1, 2008.	\$ 175,000
<hr/>	
Total Certificates of Indebtedness	\$ 175,000

Revenue Bonds

The Town has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at May 31, 2005, are described as follows:

\$428,100 Utilities Revenue Bonds Series 1994, dated March 14, 1995, with an effective rate of interest of 5.125% to maturity. The bonds mature serially on the 14th of each month in amounts ranging from \$291 to \$2,253. Final maturity is scheduled for March 14, 2034, unless the Town elects to redeem the bonds prior to maturity.	\$ 381,675
<hr/>	
Total Revenue Bonds	\$ 381,675

Capital Lease

The Town has acquired equipment by entering into a capital lease arrangement. For financial reporting purposes, minimum lease payments relating to leased equipment have been capitalized. The leased property is reported by the lights fund and general fund, respectively, at its cost. Capital lease obligations outstanding at May 31, 2005, are described as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

Lease agreement dated December, 2002 executed in exchange for a bucket truck, with an original balance of \$80,557, bearing interest at a rate of 5.680%, payable in 84 monthly installments of \$1,159. \$ 55,473

Lease agreement dated February, 2005 executed in exchange for a backhoe, with an original balance of \$41,855, bearing interest at a rate of 5.5%, payable in 36 monthly installments of \$1,258. 36,279

Total Capital Lease \$ 91,752

Maturity of Long-Term Debt

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

<u>Year Ended May 31st</u>	<u>Principal Installments</u>			
	<u>Certificates of Indebtedness</u>	<u>Revenue Bonds</u>	<u>Total</u>	<u>Interest</u>
<u>Business-Type Activities</u>				
2006	\$ 40,000	\$ 6,008	\$ 46,008	\$ 27,171
2007	40,000	6,323	46,323	24,856
2008	45,000	6,655	51,655	22,399
2009	50,000	7,004	57,004	19,675
2010	----	7,372	7,372	18,057
2011-2015	----	43,081	43,081	84,062
2016-2020	----	55,637	55,637	71,508
2021-2025	----	71,849	71,849	55,297
2026-2030	----	92,784	92,784	34,363
2031-2035	----	84,962	84,962	8,426
Total Business-Type	\$ 175,000	\$ 381,675	\$ 556,675	\$ 365,814

Future minimum lease payments due under capital lease arrangements are presented as follows:

<u>Year Ended May 31st</u>	
2006	\$ 29,005
2007	29,004
2008	22,714
2009	13,909
2010	8,042
Total	102,674

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

Amounts representing interest	(10,922)
Present value of minimum lease payments	\$ 91,752

NOTE 7 - GAS CONTRACT

The Town has a long-term contract for the purchase of natural gas with the Louisiana Municipal Natural Gas Purchasing and Distribution Authority. This contract renews every year. There are no minimum payments required under the contract except for amounts of actual delivery, with the rates being adjusted periodically.

NOTE 8 - ELECTRICITY CONTRACT

The Town has a contract with Central Louisiana Electric Company for the purchase of electricity. The contract automatically renews each year. There are no minimum payments required under the contract except amounts for actual delivery, and the rates are adjusted periodically.

NOTE 9 - RISK MANAGEMENT

Town of Boyce is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 10 - BOARD MEMBER SALARIES

For the year ended May 31, 2005, the amounts of salaries and wages paid to the Mayor and Board of Aldermen were as follows:

Name	Position	Salary
Julius Patrick, Jr.	Mayor	\$ 7,500
Ezra C. Bobb	Alderman	6,300
Vivian Brossett	Alderman	6,300
Elizabeth Fontenot	Alderman	6,300
Kelvin McCoy	Alderman	6,300
Donald Welch	Alderman	6,300
Total		\$ 39,000

Note 11 – Accounts and Other Payables

Details related to amounts reported as accounts and other payables are provided as follows:

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

	Payable to Vendors	Payroll Taxes	Other	Total
<u>Governmental Activities</u>				
General Fund	\$ 25,802	\$ 7,459	\$ 4,792	\$ 38,053
Capital Projects	9,863	---	---	9,863
Total	\$ 35,665	\$ 7,459	\$ 4,792	\$ 47,916

	Payable to Vendors
<u>Business-type Activities</u>	
Lights	\$ 41,699
Gas	5,811
Water	3,297
Sewer	2,187
Sanitation	4,013
Total	\$ 57,007

NOTE 12 – RESTRICTED RESOURCES

Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.

NOTE 13 - TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds for various reasons. A description of the transfers and the purpose for the transfers is presented as follows:

	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Transfers In</u>			
Transfer of excess utility revenues to the general fund	\$ 113,806	\$ ---	\$ 113,806
Transfers of resources to fund various capital projects funds	---	3,288	3,288
Transfer of resources for items paid on behalf of other funds	9,825	---	9,825
Total Transfers In	123,631	3,288	126,919

TOWN OF BOYCE

NOTES TO FINANCIAL STATEMENTS

May 31, 2005

Transfers Out

Transfer of resources for items paid on behalf of other funds	71,460	---	71,460
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Net Transfers	\$ 52,171	\$ 3,288	\$ 55,459
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Business-Type Activities

	<u>Lights</u>	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Total</u>
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Transfers In

Transfer of resources for items paid on behalf of other funds	\$ 43,457	\$ 46,157	\$ 49,576	\$ 30,057	\$ 49,425	\$ 218,672
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Transfers Out

Transfer of excess utility revenues to the general fund	13,200	28,700	600	5,600	65,707	113,807
Transfer of resources for items paid on behalf of other funds	72,810	76,582	3,516	7,416	---	160,324
Total Transfers Out	86,010	105,282	4,116	13,016	65,707	274,131

Net Transfers	\$ (42,553)	\$ (59,125)	\$ 45,460	\$ 17,041	\$ (16,282)	\$ (55,459)
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TOWN OF BOYCE

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year ended May 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Taxes	\$ 250,500	\$ 298,300	\$ 301,470	\$ 3,170
License and permits	55,000	55,000	56,709	1,709
Charges for services	84,000	79,000	-	(79,000)
Intergovernmental	-	-	45,449	45,449
Fines	8,000	4,500	6,147	1,647
Miscellaneous	33,300	38,300	23,217	(15,083)
Total revenues	430,800	475,100	432,992	(42,108)
<u>Expenditures:</u>				
General government	138,815	165,400	149,533	15,867
Public safety	163,275	153,200	175,521	(22,321)
Streets and sanitation	98,000	102,900	77,269	25,631
Recreation	16,600	18,600	4,376	14,224
Capital Expenditures	38,000	100,100	104,034	(3,934)
Debt service	36,200	36,200	42,428	(6,228)
Total expenditures	490,890	576,400	553,161	23,239
Excess (deficiency) of revenues over expenditures	(60,090)	(101,300)	(120,169)	(18,869)
<u>Other financing sources (uses):</u>				
Proceeds from debt	-	-	41,855	41,855
Operating transfers in	50,000	115,000	123,631	8,631
Operating transfers out	-	-	(71,460)	(71,460)
Total other financing sources (uses)	50,000	115,000	94,026	(20,974)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(10,090)	13,700	(26,143)	(39,843)
Fund balance - beginning of year	492,258	87,668	87,668	-
Fund balance - end of year	\$ 482,168	\$ 101,368	\$ 61,525	\$ (39,843)

TOWN OF BOYCE

Schedule of Expenses - Budget and Actual

General Fund

Year ended May 31, 2005

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>General government:</u>				
Salary - mayor	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Salaries - aldermen	31,500	31,500	31,500	-
Salaries - office	15,015	15,700	15,814	(114)
Payroll taxes	7,000	5,800	4,093	1,707
Telephone	7,000	10,900	12,770	(1,870)
Office supplies	3,000	3,700	3,278	422
Advertising and printing	1,000	1,400	728	672
Dues	2,000	3,400	3,028	372
Accounting	5,000	4,400	3,955	445
Legal	2,000	2,800	2,675	125
Insurance	15,300	25,300	26,338	(1,038)
Miscellaneous	8,000	50,000	24,511	25,489
Travel and conventions	8,000	3,000	13,343	(10,343)
Christmas parade	1,500	-	-	-
Demolition	25,000	-	-	-
Total general government	138,815	165,400	149,533	15,867
<u>Public safety:</u>				
Police:				
Salaries	131,775	118,300	118,182	118
Payroll taxes	-	-	8,343	(8,343)
Patrol car expenditures	7,500	5,700	19,699	(13,999)
Uniforms and training	2,000	1,500	2,094	(594)
Supplies and equipment	3,000	7,700	2,711	4,989
Telephone	7,000	7,500	7,408	92
Police protection - RPSO	-	-	4,245	(4,245)
Miscellaneous	5,000	5,500	6,550	(1,050)
Fire protection:				
Truck gas, oil and maintenance	2,000	2,000	1,604	396
Telephone	900	900	915	(15)
Insurance	2,100	2,100	1,317	783
Miscellaneous	2,000	2,000	2,453	(453)
Total public safety	163,275	153,200	175,521	(22,321)

TOWN OF BOYCE

Continued

Schedule of Expenses - Budget and Actual

General Fund

Year ended May 31, 2005

	<u>Budget Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Streets and sanitation:</u>				
Salaries	51,600	33,500	42,524	(9,024)
Payroll taxes	-	-	2,851	(2,851)
Truck and tractor maintenance	3,000	11,000	10,280	720
Street maintenance	8,000	18,000	4,335	13,665
Garbage collection	32,400	32,400	-	32,400
Supplies	3,000	8,000	11,811	(3,811)
Utilities	-	-	5,468	(5,468)
Total streets and sanitation	98,000	102,900	77,269	25,631
<u>Recreation:</u>				
Salaries	12,600	16,000	-	16,000
Supplies & miscellaneous	3,000	1,200	-	1,200
Telephone	1,000	1,400	-	1,400
Miscellaneous	-	-	4,376	(4,376)
Total recreation	16,600	18,600	4,376	14,224
Capital Expenditures	38,000	100,100	104,034	(3,934)
Debt service	36,200	36,200	42,428	(6,228)
Total expenditures	\$ 490,890	\$ 576,400	\$ 553,161	\$ 23,239

TOWN OF BOYCE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended May 31, 2005

PART I – SUMMARY OF AUDITORS' RESULTS:

- The Independent Auditor's Report on the financial statements for the Town of Boyce as of May 31, 2005 and for the year then ended expressed an unqualified opinion.
- The audit disclosed two instances that are required to be reported as findings and questioned costs.
- The results of the audit disclosed two instances of noncompliance that is considered to be material to the financial statements of the Town of Boyce.
- The Town was not required to have a Single Audit; therefore, none of the reporting required by OMB Circular A-133 was required.

PART II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- **Finding 2005-1, Water and Sewer Rates**
During the examination of utility revenues it was determined that the Town collected significantly less revenues for the water and sewer funds in the current year. This is a violation of the Town's resolution and the bond covenants.
- **Finding 2005-2, Electricity Rates**
Subsequent to year end it was determined that electricity usage was not being properly billed. This error has led to significant losses of electricity revenues.

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

- Not applicable.

**TOWN OF BOYCE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended May 31, 2005**

**SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO THE FINANCIAL STATEMENTS**

Finding 2005-1, Water and Sewer Rates

During the examination of utility revenues it was determined that the Town collected significantly less revenues for the water and sewer funds in the current year. This is a violation of the Town's resolution and the bond covenants.

Response to Findings 2005-1 and 2005-2

Management has determined that the decrease in water and sewer revenues resulted from the installation of a new utility billing system. Management has taken corrective action to ensure that the proper billing rates are entered in the new system to generate correct water and sewer bills.

Finding 2005-2, Electricity Rates

Subsequent to year end it was determined that electricity usage was not being properly billed. This error has led to significant losses of electricity revenues.

Management has determined that an error was made in the calculations necessary to figure the accurate amount per kilowatt hour needed for electricity bills. This is a complex calculation made by management each month.

Management will closely monitor and review utility billing rates each month. Also, management will implement a review process that will help insure all utility bills are accurate.

**SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL
TO FEDERAL AWARDS**

There were no findings in connection with internal control and compliance material to federal awards.

Response - N/A.

SECTION III - MANAGEMENT LETTER

There was no management letter issued with this report.

Response - N/A.

TOWN OF BOYCE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended May 31, 2005

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
There were no findings in connection with internal control and compliance material to the financial statements in the prior year.	Response - N/A
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
There were no findings in connection with internal control and compliance material to federal awards in the prior year.	Response - N/A
<u>SECTION III - MANAGEMENT LETTER</u>	
There was no management letter issued with the prior year report.	Response - N/A